

**DECISION**

**THE COMPTROLLER GENERAL  
OF THE UNITED STATES**  
WASHINGTON, D.C. 20548

**FILE:** B-201943; B-202021

**DATE:** August 31, 1982

**MATTER OF:** Interscience Systems, Inc; Amperif  
Corporation

**DIGEST:**

1. An agency's decision to procure a computer system on a total package basis rather than breaking out the required peripheral equipment for competitive procurement (component breakout) will not be disturbed where the agency's decision was based on a reasonable need to minimize the technical risk associated with the installation process and the absence of other vendors capable of furnishing technically acceptable peripheral equipment.
2. The fact that an agency may have failed to properly justify, prior to a bid protest, its use of a total package approach is immaterial for the purposes of the protest; GAO is concerned with whether an award is supportable, not with whether it was properly supported.
3. Peripheral equipment vendors not capable of supplying the total computer system required by the agency lack sufficient interest to maintain a protest challenging the propriety of a sole-source award of a total computer system, because even if the sole-source award was found to have been improper, they would not be able to compete for an award of the total system.
4. Protest allegation that an agency intends to ignore the time limitations imposed on an interim computer system by the General Services Administration and the regulations governing the exercise of options, merely anticipates improper agency action and thus is premature.

Interscience Systems, Inc. and Amperif Corporation protest the award of a sole-source contract to Sperry-Univac for the lease of two UNIVAC 1100/82 computer systems, including peripheral equipment, maintenance and other services, under request for proposals (RFP) No. DAHC26-81-R-0003. The procurement was conducted by the U.S. Army Computer Systems Selection and Acquisition Agency for the Military Personnel Center (Center). The protesters, suppliers of UNIVAC-compatible peripheral equipment (such as tape and disk subsystems), principally contend that the Army should have broken out its requirement for peripheral equipment and procured it on a competitive basis rather than procuring it from Sperry as part of a total system. They also question the propriety of the Army's sole-source procurement of the system.

We reject the protesters' position that the peripheral equipment requirement should have been broken out, and also find that the protesters lack sufficient interest to challenge the sole-source nature of the procurement.

The UNIVAC system, the subject of an unsolicited proposal from Sperry, was intended as a 2.5-year interim replacement for the Center's existing computer system, which was composed of seven UNIVAC 1108 computers. A 1980 audit study by our Office, Continued Use of Costly, Outmoded Computers In Federal Agencies Can Be Avoided, AFMD-81-9, December 15, 1980, and a study by the Army, both indicated that the existing system was saturated and thus could not handle expansions of the personnel system or workloads which could arise in the event of full military personnel mobilization. The Army projected that it would need approximately 2.5 years to design and competitively procure a system which would meet its long term computing needs. The subject system was designed to meet the Army's interim needs during this 2.5-year period.

Army technical personnel found the UNIVAC system capable of satisfying the Army's immediate needs. According to the agency, two technical concepts offered by Sperry--multi-host file sharing and a high density disk drive--resulted in the needed increased computing capability without a time-consuming, costly total redesign of the existing system. To elaborate briefly, it is our understanding that multi-host file sharing

would enable the two 1100/82 computer systems to gain access to a single data base, which would be created by combining the files from the seven 1108 computers. Sperry achieved this capability by means of a proprietary software package. By integrating files in this manner, the interim system eliminated the redundancy of information which had been hampering the Center. At the same time, the disk drive provided a high density storage medium and faster transfer rate, resulting in speedier access to data.

In September 1980, the Army conducted two surveys of the marketplace using the resources of the International Data Corporation and the Department of Defense Technical Reference Center. The surveys reportedly indicated that no other equipment on the market could meet the Army's needs absent a basic redesign of the existing system. Such a redesign was considered an unacceptable alternative since it would involve excessive time, technical risk and cost. Further, a software conversion study indicated that conversion of the existing UNIVAC software for use on another manufacturer's system would cost approximately \$9 million. Considering these factors together with the urgent need to upgrade the Center's computing capabilities, the contracting officer determined that, realistically, only Sperry could timely meet its needs, and requested approval from the Army to procure the UNIVAC 1100/82 system on a sole-source basis. Approval was granted and, on January 13, 1981, the General Services Administration (GSA) issued a Delegation of Procurement Authority authorizing the Army's acquisition of these systems. Award was made to Sperry on March 31, notwithstanding these protests, based on the Army's determination that the computer systems were urgently required.

The central issue here is whether the Army properly included peripheral equipment as part of the UNIVAC 1100/82 system procured from Sperry. Amperif and Inter-science believe there was no reasonable justification for combining these two separate requirements. In their view, since they were capable of supplying UNIVAC - compatible peripheral equipment, which would have fully satisfied the Army's minimum needs, the peripheral equipment requirement should have been broken out of the system procurement and acquired competitively on a "brand name or equal" or "plug-to-plug compatible" basis.

It is well-established that the decision whether to procure by means of a total package approach rather than by separate procurements for divisible portions of a requirement (i.e., component breakout) generally is a matter within the discretion of the contracting agency. InterScience Systems, Inc., B-201890, June 30, 1981, 81-1 CPD 542. This rule derives from our general position that contracting agencies are primarily responsible for determining their minimum needs and the method of best accommodating them. InterScience Systems, Inc., supra; Manufacturing Data Systems, Incorporated, B-180608, June 28, 1974, 74-1 CPD 348. Such agencies are in the best position to determine their needs since they are most familiar with their requirements and the environment in which the procured product will be used. We therefore will not disturb an agency's decision to procure on a total package basis, or the technical judgment forming the basis for that decision, absent a clear showing that it lacked a reasonable basis. Control Data Corporation, 55 Comp. Gen. 1019 (1976), 76-1 CPD 276; Batch-Air, Inc., B-204574, December 29, 1981, 81-2 CPD 509.

The record here establishes that the Army had a reasonable basis for procuring peripheral equipment as part of a total computer system. The principal justification advanced by the Army is that a total system and a single prime contractor to integrate the entire system were essential to minimize the technical risk involved in installing the new system. The Army explains that there existed substantial technical risk in transferring the Center's workload from the existing seven 1108 systems onto two 1100/82 systems with shared storage. There was no assurance that the system, once installed, would function as planned. Much of this uncertainty stemmed from use of the relatively novel file sharing and high density disk features. The installation process was complicated by the need for minimal disruption of the Center's normal data processing activities.

The Army considered a single prime contractor with total system responsibility essential to minimize the technical risk at the time of installation. Previous experience had indicated that problem isolation and correction is significantly more difficult where several vendors are involved in the system integration process.

The result is an excessive amount of system downtime. Given the technical difficulty already involved in this installation, and the necessity for continuous operation by the Center, the agency deemed such additional risk unacceptable. By procuring an entire Sperry system, the Army assured that a single prime contractor would have total system integration responsibility.

GSA, commenting on this protest, supports the Army's position that the need for a single prime contractor was sufficient justification for procuring on a total system basis.<sup>1</sup> GSA also shares the Army's view that a total system procurement would be beneficial in reducing the risk of malfunction. It notes in this regard that while it certainly is possible to configure a computer system from components supplied by several different vendors, there would be no guarantee that, when assembled, they would function as an integrated system.

A total system acquisition also was deemed necessary because the Army's technical staff reportedly had found no other peripheral equipment suppliers capable of furnishing components which had operated successfully with a comparable UNIVAC system. In particular, no plug-compatible equipment was found able to dynamically share files. Based on their protest assertions, Amperif and Interscience were invited to make technical presentations to establish that their equipment could in fact meet the Army's requirements. Following these presentations, and after reviewing available technical literature, the Army concluded that neither protester had shown a proven ability to satisfy the file sharing requirement. Although both Amperif and Interscience claimed that their equipment could share files, their literature apparently announced no such capability, and the Army could find no convincing evidence that the firms had met this requirement at some other site

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<sup>1</sup> GSA is the overseer of automatic data processing equipment management and procurement. (See Federal Procurement Regulations § 1-4.1100.)

using a similarly configured system.<sup>2</sup> The Army also had doubts as to whether the protesters could meet the required data transfer rate and furnish necessary maintenance for the life of the system.

We previously have upheld the use of a total package approach in procuring computer components and systems. In Amdahl Corporation, B-198911.2, March 27, 1981, 81-1 CPD 231, the protester complained that a requirement that all components be manufactured by one vendor was unnecessarily restrictive since the solicitation already required that the components be IBM-compatible. We found the requirement reasonable in view of the complexity of the system and the agency's stated need for compatibility among its components. In Ampex Corporation, B-191132, June 16, 1978, 78-1 CPD 439, cited by the Army in support of its position, the issue, as here, was whether portions of a computer system should have been broken out of the system for competitive procurement. We agreed with the agency that difficulties previously encountered at multiple vendor sites, considered in light of the need to minimize risk, constituted sufficient justification for a total package procurement. These considerations are similar to those on which the Army's decision was based.

In view of the Army's stated need for a single prime contractor to reduce the technical risk at the time of installation, and the Army's determination that technically acceptable peripheral equipment could be furnished only by Sperry, we believe it was reasonable to procure the peripheral equipment from Sperry as part of a total computer system. While the protesters take issue with both of the considerations relied upon by the Army, they have failed to establish on this record that the Army's position is unreasonable. Further, it does not appear to us that the Army chose the total system approach solely for the

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<sup>2</sup> Amperif contends that its equipment is in fact successfully operating in a file sharing environment at other sites, and that the Army has distorted information supplied by officials at those sites to support its conclusion to the contrary. We have reviewed the transcriptions of the telephone conversations relied upon by the Army and, in our opinion, the site officials' statements do support the Army's conclusion here. We find no basis to question the accuracy of these statements.

administrative convenience of the Government. Although the record indicates that the Army did consider it preferable to deal with a single prime contractor, we are persuaded that this preference was dictated not by mere convenience but by technical necessity. A total system acquisition was viewed as the only technically acceptable means to satisfy the Center's immediate computing needs.

Amperif expresses concern that the Army's explanation of its actions submitted in response to this protest was never incorporated in a Determination and Finding prior to the protest. This point is immaterial. As we have stated on numerous prior occasions, our Office is concerned with whether an award is supportable, not with whether it was properly supported. Aero Turbine, B-200151, March 18, 1981, 81-1 CPL 208; Tosco Corporation, B-187776, May 10, 1977, 77-1 CPD 329.

In presenting their arguments on the breakout issue, Amperif and Interscience also question the propriety of the Army's decision to procure this interim computer system on a sole-source basis. That is, in addition to their contention that peripheral equipment was unnecessarily included in a total system procurement, the protesters also question whether the Army adequately justified procuring the total system on a noncompetitive basis. We decline to review this aspect of the protests. Under our Bid Protest Procedures, 4 C.F.R. § 21.1 (1982), a party must be "interested" before we will consider its protest allegations. See de Weaver and Associates, B-200541, January 6, 1981, 81-1 CPD 6. Our determination of whether a protester satisfies the interested party criterion is aimed at measuring the degree to which its interest in the outcome is both established and direct. Where a protester would not be able to compete for an award even if the issue raised were resolved in its favor, that party generally will not be considered sufficiently interested to raise the issue. See, e.g., Don Greene Contractor, Inc., B-198612, July 28, 1980, 80-2 CPD 74.

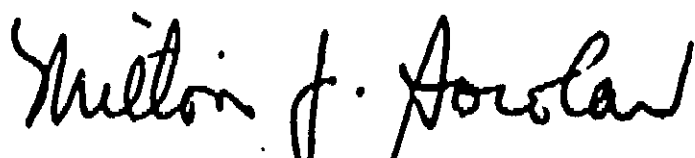
Amperif and Interscience clearly were interested parties for the purpose of challenging the Army's decision not to break out peripheral equipment for competitive procurement since, had their position been upheld, they could have competed for the peripheral equipment portion of the procurement.



Given our determination, however, that the Army had a reasonable basis for procuring a total computer system, we do not believe the protesters' interest extends to the separate question of whether sole-source procurement of the total system was justified. Amperif and Interscience are peripheral equipment suppliers and have not claimed to be capable of furnishing a total computer system meeting the Center's needs. Consequently, even if we found that the sole-source award to Sperry was unjustified and required the Army to competitively acquire the needed system, Amperif and Interscience still would not be able to compete for the award. Under these circumstances, other potential system suppliers would be the parties with appropriate interest to pursue this basis of protest. None has done so. See Climatological Consulting Corporation, B-197906, August 4, 1980, 80-2 CPD 81.

Amperif raises two further points of protest: first, it believes the Army intends to extend the system life of this interim replacement beyond the 2.5 years authorized by GSA; and second, it believes the Army decided before the fact, and thus improperly, that the option quantities provided for under the RFP will be procured from Sperry. While the record does contain statements by Army officials evidencing a basis for Amperif's concerns, the Army also states that it is fully aware of, and intends to comply with, the time limitations on the interim system and the regulatory requirements governing exercise of the options here. Under these circumstances, Amperif is merely anticipating improper agency action. Such protest allegations are premature and will not be considered. Afri-American Supply Company, B-206137, February 17, 1982, 82-1 CPD 141; Aero Corporation, B-194445, June 5, 1979, 79-1 CPD 394.

The protest is denied in part and dismissed in part.

  
Acting Comptroller General  
of the United States